

State of Alaska FY2008 Governor's Operating Budget

Department of Law Regulatory Affairs Public Advocacy Component Budget Summary

Component: Regulatory Affairs Public Advocacy

Contribution to Department's Mission

The Regulatory Affairs and Public Advocacy Section exercises the Attorney General's responsibility to represent the public interest in regulatory affairs by performing the public advocacy function in utility and pipeline carrier matters before the Regulatory Commission of Alaska and providing policy analysis on related matters.

Core Services

Effective July 1st, 2004, the Regulatory Affairs and Public Advocacy Section (RAPA) was established within the Department of Law to advocate for the public in utility and pipeline matters that come before the Regulatory Commission of Alaska (RCA). The Attorney General, as the Public Advocate, determines and advocates for the public interest with particular attention to the interests of consumers who would not otherwise have an effective voice regarding the rates and services of regulated utilities operating in the state.

RAPA represents the public interest in rate cases and other proceedings before the RCA, in court appeals, before the Legislature and other policymakers. In doing so, the Attorney General utilizes the expert technical support of RAPA non-attorney professionals who provide accounting, engineering, economic and policy analysis for all types of regulated utilities and who prepare written testimony for hearing. Alaska's public advocate is a full member of the National Association of State Utility Consumer Advocates (NASUCA).

AS 42.05.254(e) and AS 42.06.286(a) provide for a funding mechanism directly from the regulatory cost charge that is administered by the RCA.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$1,564,800

Personnel:

Full time	9
Part time	1
Total	10

Key Component Challenges

Into its third year of operation as a new section in the Department of Law, RAPA's budgetary and personnel changes require less ongoing integration and implementation in the near term. But the creation of RAPA impacts the development of standards and procedures to enhance the effectiveness of our public advocacy efforts. Longer term challenges will include successful reclassification of critical non-attorney professional positions, successful recruitment to attract additional, necessary staff resources in the areas of accounting and finance, and continuing professional training for existent staff.

During the upcoming fiscal year RAPA will continue to represent the public interest on behalf of the Attorney General in proceedings before the Regulatory Commission of Alaska. RAPA will investigate public utility proposals that come before the Regulatory Commission of Alaska, file testimony and litigate the cases, and defend RAPA positions on appeal as appropriate. In Superior Court, RAPA on behalf of the Attorney General is defending its administrative success in an appeal brought by the Municipality of Anchorage regarding the Anchorage Water and Wastewater utility's attempt to include in rates a payment in lieu of taxes assessed on contributed plant.

Significant Changes in Results to be Delivered in FY2008

No service changes are anticipated.

Major Component Accomplishments in 2006

In FY2006 the Attorney General (AG) issued four "Public Advocate Advisories" to inform Alaskan ratepayers about RAPA's efforts in significant proceedings before the RCA. The periodic advisories explain in summary form the ultimate outcome of an individual case in terms of rate increases or decreases that may be of particular interest to the public.

During FY2006, the section, on behalf of the Attorney General filed comments or briefs in three dockets and prefiled direct testimony in eight dockets: five electric utility rate cases, a statewide refuse utility rate case, three statewide natural gas utility cases, and one local exchange carrier telecommunications rate case. In addition the section provided written comments in a regulations docket concerning RCA procedural hearing rules.

The section was involved in numerous settlement conferences resulting in stipulations to settle issues in seven dockets. Highlights of some of the cases are listed below.

AEL&P. RAPA filed expert testimony with the RCA analyzing a proposal by an electric utility to change rates. Ultimately a settlement was reached with the electric utility resolving all outstanding issues and resulting in a reduction in revenue deficiency from 17.53% to 4.88% and reduction to rate of return from 11.17% to 10.75 %.

Enstar 3rd party billing. RAPA filed expert testimony with the RCA analyzing a proposal by a gas utility to use a non-regulated third party vendor to process customer credit cards used to pay the gas bill. The proposal allowed the non-utility vendor to charge Enstar customers a fee for paying by credit card. Ultimately a settlement was reached with the utility preserving the RCA's oversight of the fees charged to customers by the non-utility billing vendor.

Enstar GSA. RAPA filed expert testimony with the RCA arguing that a gas supply contract between a gas utility and supplier should not be based on an Outside commodities price index.

APES I. RAPA filed expert testimony with the RCA analyzing a proposal to change rates for APES I's four instate subsidiaries. The section reached a settlement with the utility resulting in reduced rate increases for Juneau, Ketchikan, Dutch Harbor and Nome.

BUCL COSS. RAPA filed expert testimony with the RCA analyzing the proposed rate design of a rural electric utility. Prior to hearing the section entered into a settlement with the utility that resulted in the equitable allocation of a previously agreed 5% decrease to rates, and the establishment of a new wholesale rate class for sales to the villages of Napakiak and Oscarville.

KAKE. RAPA filed expert testimony in an electric utility rate case analyzing the utility's request for a substantial rate increase. Prior to hearing the section entered into a settlement with the utility that resulted in an 11.18% across the board rate increase, rather than the 55.05% rate increase to its residential and commercial customers requested by Kake which would have subsidized the utility's request to allow a 69.32% rate decrease to the utility's affiliate.

BUC FUEL. RAPA filed expert testimony in an electric utility fuel procurement case recommending that the Commission either require the utility to show cause why its fuel contract should not be terminated, or to require the utility to have its fuel contracts approved in advance by the Commission. Prior to hearing the section entered into a settlement with the utility that resulted in the utility agreeing to any future fuel supply contracts approved in advance by the Commission.

IPEC. RAPA filed expert testimony with the RCA analyzing the revenue requirement and rates of a rural electric utility. After recommending various disallowances and adjustments, the section ultimately concluded that the utility had shown it was still reasonably entitled to receive a 2.6% rate increase. The case was settled without a hearing.

OTZ. RAPA filed expert testimony with the RCA analyzing a proposal by a rural local telephone company to redesign its rates. A settlement between the section and the utility resulted in rate design that minimized the impact of a necessary rate increase on residential ratepayers.

Statutory and Regulatory Authority

Executive Order 111 and SB 392

Contact Information
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Regulatory Affairs Public Advocacy Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	774.3	949.1	1,087.1
72000 Travel	11.8	6.0	6.0
73000 Services	208.8	458.9	458.9
74000 Commodities	7.7	11.6	11.6
75000 Capital Outlay	2.8	1.2	1.2
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,005.4	1,426.8	1,564.8
Funding Sources:			
1141 RCA Receipts	1,005.4	1,426.8	1,564.8
Funding Totals	1,005.4	1,426.8	1,564.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Managemen t Plan	FY2008 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Alaska Public Utilities Comm. Receipts	51066	1,005.4	1,426.8	1,564.8
Restricted Total		1,005.4	1,426.8	1,564.8
Total Estimated Revenues		1,005.4	1,426.8	1,564.8

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	0.0	0.0	1,426.8	1,426.8
Adjustments which will continue current level of service:				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.0	0.4	0.4
Proposed budget increases:				
-FY 08 Retirement Systems Rate Increases	0.0	0.0	137.6	137.6
FY2008 Governor	0.0	0.0	1,564.8	1,564.8

**Regulatory Affairs Public Advocacy
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	9	9	Annual Salaries	664,370
Part-time	1	1	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	454,080
			<i>Less 2.80% Vacancy Factor</i>	<i>(31,350)</i>
			Lump Sum Premium Pay	0
Totals	10	10	Total Personal Services	1,087,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Attorney IV	1	0	0	0	1
Attorney V	1	0	0	0	1
Attorney VI	1	0	0	0	1
Chief, RCA Advocacy	1	0	0	0	1
Economist III	1	0	0	0	1
Law Office Assistant I	2	0	0	0	2
Utility Eng Analyst IV	1	0	0	0	1
Utility Fin Analyst III	2	0	0	0	2
Totals	10	0	0	0	10